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Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CU-02 AID-05 OPR-02 L-03 /023 W
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R 121050Z MAY 77
FM AMEMBASSY AMMAN
TO SECSTATE WASHDC 1622

C O N F I D E N T I A L AMMAN 2709

E.O. 11652: GDS
TAGS: ASCH PFOR JO US
SUBJECT: AMERICAN COMMUNITY SCHOOL PROBLEM

REF: AMMAN 2487

1. AMBASSADOR HAD LONG SESSION MAY 11 WITH PRIME MINISTER BADRAN, LARGE PORTION OF WHICH TAKEN UP WITH DISCUSSION AMERICAN COMMUNITY SCHOOL (ACS) QUESTION.

2. BADRAN INDICATED THAT LANDLORDS, WITH WHOM HE HAD MET, DID NOT WISH TO NEGOTIATE FOR PURCHASE OF SCHOOL UNTIL COURT ACTION COMPLETED. EVEN UNDER THOSE CIRCUMSTANCES, HE SAID HE HAD COMMENTS FROM LANDLORDS THAT THEY WOULD NOT EVICT ACS FROM PREMISES. AMBASSADOR MADE CLEAR AND PRIME MINISTER UNDERSTOOD THAT EMBASSY CONSIDERED IT HAD PERSONAL COMMITMENT FROM KING AND PRIME MINISTER TO INSURE NO EVICTION WOULD TAKE PLACE. PRIME MINISTER REAFFIRMED THIS AND SAID HE ACCEPTED LANDLORD'S WORD ALSO ON THIS POINT.

3. AMBASSADOR NEXT REVIEWED WITH PRIME MINISTER PENDING LEGAL STEPS. AT THE END OF THIS MEETING, IT WAS AGREED THAT BEFORE GOING FURTHER SCHOOL SHOULD AWAIT ACTION BY APPEALS COURT ON QUESTION OF LANDLORD'S APPEAL FROM DECISIONS OF LOWER COURT
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REFUSING TO TAKE JURISDICTION OF CASE ON GROUNDS THAT THE ARBITRATION CLAUSE (ARBITRATION BY USAID DIRECTOR) IN THE LEASE EXISTED AND SHOULD BE USED.

4. FURTHER, PRIME MINISTER WISHED MINISTRY OF FOREIGN AFFAIRS TO STUDY WITH EMBASSY THE POSSIBILITY THAT THE DIPLOMATIC IMMUNITY OF THE PRESIDENT OF THE

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SCHOOL BOARD (WHO IS IN CHARGE OF RESPONDING IN THE CASE) COULD BE INVOKED IN THE EVENT THE APPEAL COURT DECIDES IN FAVOR OF THE LANDLORD. PRESIDENT IS AN OFFICER OF THE EMBASSY ON DIPLOMATIC LIST. FINALLY, FOREIGN MINISTRY WOULD ALSO BE ASKED TO REVIEW QUESTION AS TO WHETHER AMBASSADOR, AS HEAD OF BOARD OF TRUSTEES AS CURRENTLY RECOGNIZED BY FOREIGN MINISTRY, COULD ALSO INVOKE DIPLOMATIC IMMUNITY IN HIS OWN NAME TO CALL A HALT TO COURT PROCEEDINGS.

5. ACTION REQUESTED: DEPARTMENT APPROVAL TO PROCEED AS SUGGESTED WITH REGARD TO THE PERSONAL DIPLOMATIC IMMUNITY OF THE ASSISTANT AID DIRECTOR GORDON PIERSON, WHO IS PRESIDENT OF THE CURRENT SCHOOL BOARD, AND OF THE AMBASSADOR WHO IS CHAIRMAN OF THE BOARD OF TRUSTEES OF THE SCHOOL.

6. IN ADDITION, FOLLOWING FURTHER DISCUSSIONS, THE PRIME MINISTER AGREED THAT SHOULD CASE EVENTUALLY BE DECIDED ON ITS MERITS IN FAVOR OF LANDLORDS, GOVERNMENT WOULD ASSIST IN NEGOTIATING THE PURCHASE OF LAND. CURRENTLY LANDLORDS ARE DEMANDING BETWEEN US$3 AND US$4.5 MILLION FOR PROPERTY. PRIME MINISTER SAID THAT BOARD OF ASSESSORS FOR THE GOVERN-MENT WOULD DETERMINE TRUE PRICE AND THIS WOULD SET THE BOUNDS FOR NEGOTIATION OVER FINAL SETTLEMENT. SUCH PRICE UNLIKELY TO BE AFFECTED BY RESULTS OF COURT CASE AND BY LANDLORD'S RATHER EXORBITANT PRESENT PRICE. PRIME MINISTER ALSO INDICATED THAT GOVERNMENT, IF NEED BE, WOULD BE PREPARED TO DO WHATEVER IS CONFIDENTIAL

NECESSARY FINANCIALLY TO COVER THE DIFFERENCE BETWEEN WHATEVER THE SCHOOL MIGHT BE ABLE TO RAISE THROUGH BANK LOANS TO PURCHASE THE PROPERTY ON THE ONE HAND AND A FINAL AND AGREED PRICE NEGOTIATED OUT BETWEEN THE LANDLORDS, THE GOVERNMENT AND THE SCHOOL BOARD ON THE OTHER. HE DID THIS RELUCTANTLY, BUT HE DID COMMIT HIMSELF TO DO SO.

7. IN ADDITION, AMBASSADOR MADE CLEAR THAT SCHOOL BOARD IS INTERESTED IN PURCHASE OF LAND, BUT CANNOT BE PERSUADED THAT IT SHOULD PURCHASE BACK FROM LANDLORD BUILDINGS WHICH, SCHOOL BOARD HAS BUILT AND PAID FOR. PRIME MINISTER UNDERSTOOD THE POINT ALTHOUGH HE DID NOT COMMIT HIMSELF TO SUPPORT THAT POSITION. AMBASSADOR ALSO SUGGESTED THAT, AS CURRENTLY EXISTS UNDER TERMS OF PRESENT LEASE, SCHOOL BOARD MIGHT BE PERSUADED TO AGREE TO RESELL PROPERTY TO CURRENT LANDLORDS AT WHATEVER PRICE IT PAYS FOR SCHOOL LAND, ALLOWING THE LANDLORDS TO HAVE BUILDINGS AT NO FURTHER COST TO THEM, AT ANY TIME

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SCHOOL MAY DECIDE TO CEASE OPERATIONS IN JORDAN.

8. COMMENT: IT IS CLEAR WE ARE STILL IN MIDST OF HAGGLING SITUATION. PRIME MINISTER'S SUGGESTION THAT WE FIRST EXHAUST LEGAL POSSIBILITIES IN TERMS OF COURT JURISDICTION PROBABLY WISE. THERE IS SOME QUESTION THAT OUR PLEA OF DIPLOMATIC IMMUNITY MAY BE FLAWED BY OUR HAVING ALREADY QUESTIONED COURT'S JURISDICTION ON GROUNDS OF TERMS OF LEASE CONTRACT (I.E., ARBITRATION CLAUSE), RATHER THAN BY HAVING RAISED PERSONAL DIPLOMATIC IMMUNITY QUESTION AT THE OUTSET. NEVERTHELESS, THROUGHOUT ABOVE TANGLE WE HAVE MADE CLEAR THAT WE CONTINUE TO HOLD GOVERNMENT FINANCIALLY RESPONSIBLE FOR COSTS ABOVE AND BEYOND ANYTHING WHICH CAN BE REASONABLY BORNE BY SCHOOL IN CONNECTION WITH PURCHASE AND THAT GOVERNMENT REMAINS COMMITTED TO EMBASSY ON ISSUE OF SCHOOL NEVER
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ACTUALLY BEING DEPRIVED OF PREMISES THROUGH LEGAL ACTION OR OTHERWISE.
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Message Attributes

Automatic Decaptioning: X
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Disposition Date: 22 May 2009
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Enclosure: n/a
Executive Order: GS
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To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/90ebb695-c288-dd11-92da-001cc4696bcc
Review Markings:
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